Supreme Court, U.S.
FILED
95-272 AUG 15 1995
OFFICE OF THE CLERK

No.

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1995

RALPH D. RAY

Petitioner,

v.

BRUCE LEHMAN, HONORABLE
COMMISSIONER OF PATENTS AND TRADEMARKS,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

CHARLES E. BRUZGA
Counsel of Record
227 West 11th Street, Suite 33
New York, NY 10014-2259
(212) 645-1856

August 15, 1995

QUESTION PRESENTED

Petitioner Ray's seeks from respondent, the Commissioner of Patents and Trademarks ("Commissioner"), the remedial relief of reinstatement of his expired patent under remedial statute 35 U.S.C. § 41(c), challenging the Commissioner's adverse interpretation of that statute. The question presented is:

Is petitioner Ray entitled to have the interpretation of 35 U.S.C. § 41(c) evaluated under the "intelligible principle" standard of the constitutionally based nondelegation doctrine, as opposed to the more lenient "arbitrary and capricious" standard applied by the lower courts?

TABLE OF CONTENTS

QUESTION PRESENTED i

TABLE OF AUTHORITIES iv

OPINIONS BELOW 1

JURISDICTION 2

STATUTES INVOLVED 2

STATEMENT OF THE CASE 3

A. Overview 3

B. Prosecution of patent application 4

A. Back-and-forth correspondence relating to payment of maintenance fees 5

B. Petitions and court proceedings below 7

REASONS FOR GRANTING THE WRIT 9

I. Although looking only to the common (vs. historical) meaning of "unavoidable delay" in the relevant statutes fails to yield an intelligible principle of guidance, the lower courts did just this, and upheld the contested interpretation of § 41(c) under the more lenient "arbitrary and capricious" standard of review 9

A. The "intelligible principle" of guidance standard: A constitutionally based requirement to prevent an undue delegation of power to the executive branch of government 9

B. Ray's vested property rights in his patent appear manifestly deserving of protection by the "intelligible principle" standard considering the hierarchy of rights traditionally protected that standard 10

C. Level 1 scrutiny of Congressional intent behind §41(c): Looking only to the common (vs. historical) meaning of words of §§ 41(b), 41(c) and § 133 . . 11

i. Analysis Failing to Elicit "Intelligible Principle of Guidance" 11

ii. Lower Courts Applied "Arbitrary and Capricious" Standard, Rather than "Intelligible Principle" Standard 13

D. Level 2 scrutiny of Congressional intent behind § 41(c): Express "purpose" of § 41(c) in legislative report, to avoid an inequitable loss of patent rights, intelligibly guides 14

E. Level 3 scrutiny of Congressional intent behind § 41(c): (1) Senator Bayh's remarks, or (2) historical meaning of unavoidable delay standard under § 133, allowing reliance on receipt of notice, further intelligibly guide 15

i. Senator Bayh's remarks 15

ii. The Historical Meaning of "Unavoidable Delay" 16

iv. Dissimilar Treatment of Ray under Contested Interpretation of § 41(c) 18

v. Notice to No-longer-Retained Sherrard Is Not Notice to Ray 19

II. Unless certiorari is granted, the Court of Appeals for the Federal Circuit is in effect the court of last resort for the interpretation of § 41(c), a patent statute, that has resulted in the loss of patents for at least several hundred patent owners in cases materially identical to the present case 21

CONCLUSION 23

APPENDIX A24
OPINION OF APPEALS COURT A24
OPINION OF DISTRICT COURT A32
FINAL AGENCY OPINION A38
FIRST AGENCY OPINION A43

TABLE OF AUTHORITIES

Cases

Commissariat a L'Energie Atomique v. Watson, 274 F.2d 594, 124 USPQ 126 (D.C. Cir. 1960) 2

Ex parte Pratt, 1887 Comm'r Pat. 31 (Comm'r Pat. 1887) 16-19

Futures Technology Ltd. v. Quigg, 684 F. Supp. 430 (E.D. Va. 1988) 16

In re Matullah, 38 App. D.C. 497 (1912) 16

In re Patent No. 4,409,763, 7 USPQ2d 1798 (Commissioner 1988) 22

J.W. Hampton, Jr., & Co. v. United States, 276 U.S. 394 (1928) 9, 10

Mistretta v. U.S., 488 U.S. 361 (1989) 9

Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29 (1983) 13

National Cable Television Ass'n v. United States, 415 U.S. 336 (1974) 9, 10, 13

Northcross v. Bd. of Educ. of Memphis City Schools, 412 U.S. 427 (1973) 16

Pa. v. Delaware Valley Citizens' Council, 478 U.S. 546 (1986) 17

Patlex Corp. v. Mossinghoff, 758 F.2d 594 (Fed. Cir. 1985), *modified on other grounds*, 771 F.2d 480 (1988) 10

Rydeen v. Quigg, 748 F. Supp. 900 (D.D.C. 1990), *aff'd mem. under prohibition of citing its disposition as precedent (former Fed. Cir. R. 47.8)*, 937 F.2d 623 (Fed. Cir. 1991), *cert. denied*, ___ U.S. ___, 112 S.Ct. 974 (1992) 20, 22

Udall v. Tallman, 380 U.S. 1 (1965) 13, 14

United States v. Petty Motor Corp., 327 U.S. 372 (1946) 10

Statutes

28 U.S.C. § 1295(a)(1) 23

28 U.S.C. § 1338 23

35 U.S.C. § 133 . . . . . *passim*

35 U.S.C. § 151 . . . . . 15, 16

35 U.S.C. § 41(b) 2, 3, 11, 12, 14

35 U.S.C. § 41(c) . . . . . *passim*

5 U.S.C. § 706(2)(A) 8

Miscellaneous

1046 O.G. 34 . . . . . 11, 12

1098 O.G. 406-407 21

125 Cong. Rec. 30360 (1980) 12

125 Cong. Rec. 30364-65 (1980) 12

ABA/BNA Lawyer's Manual on Professional Conduct, pp. 301:113-301:114 . . . . . 20, 21

H. Rep. No. 542, 97th Cong., 2d Sess., *as reprinted in* 1982 U.S. Code Cong. & Admin. News 765 . . . 14, 17

In the Matter of: Proposed Rule Change Relating to Patent Maintenance Fees and payment Procedures (PTO, June 24, 1984) 12

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1995

RALPH D. RAY

Petitioner,

v.

BRUCE LEHMAN, HONORABLE
COMMISSIONER OF PATENTS AND TRADEMARKS,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

OPINIONS BELOW

The opinion for the United States Court of Appeals for the Federal Circuit is reported at 55 F.3d 606 and at 34 U.S.P.Q.2d 1786 (1995), and is reprinted in the appendix at p. A24.[1]

The opinion of the United States District Court for the District of Columbia was not reported, and is reproduced in the appendix at p. A32.

The final opinion of the Commissioner of Patents and Trademarks ("Commissioner") dated January 15, 1991 was not reported, and is reproduced in the appendix at p. A38. The earlier June 26, 1990 opinion of the Commissioner was not reported, and is reproduced in the appendix at p. A43.

---

[1]All page numbers herein are consecutive, with page numbers for the appendix being preceded by "A" (e.g. A24).

JURISDICTION

On January 25, 1994, the United States District Court for the District of Columbia, whose jurisdiction arose under 28 U.S.C. §1338(a), entered summary judgment in favor of respondent.

Petitioner appealed to the United States Court of Appeals for the Federal Circuit, invoking that court's jurisdiction under 28 U.S.C. §1295(a)(1). On May 17, 1995, the Court of Appeals, affirming the district court, entered judgment affirming the judgment of the district court.

Petitioner invokes the jurisdiction of this Court to review the judgment of the appeals court by writ of certiorari under 28 U.S.C. §1254(1).

STATUTES INVOLVED

A. 35 U.S.C. § 41(c)

The statute whose interpretation is at issue, 35 U.S.C. § 41(c), enacted in 1982, states in relevant part:

> "The [PTO] may accept the payment of any maintenance fee * * * after the six-month grace period if the delay is shown to the satisfaction[2] of the [PTO] to have been unavoidable. * * * *. If the [PTO] accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period."

B. 35 U.S.C. § 41(b)

Related to the foregoing statute is 35 U.S.C. § 41(b), enacted in 1980 and stating in relevant part:

---

[2]Although the statute speaks in terms of a showing "to the satisfaction" of the Commissioner, the discretion of the Commissioner is limited, and reviewable. *Commissariat a L'Energie Atomique v. Watson*, 274 F.2d 594, 596-97, 124 USPQ 126, 128 (D.C. Cir. 1960).

> "The [PTO] shall charge the following fees for maintaining a patent in force: * * *. Three years and six months after grant, $400. * * *. Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period."

C. 35 U.S.C. § 133

A patent statute enacted in 1952, prior to enactment of at-issue 35 U.S.C. § 41(c) in 1982, and also reciting the remedial standard of "unavoidable delay," is 35 U.S.C. § 133, stating:

> "Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Commissioner in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable."

STATEMENT OF THE CASE

A. Overview

Petitioner Ray is a prudent businessman. For over 30 years he has had a spotless record for consistently paying his bills on time. A maintenance fee became due on his U.S. patent. Because he never received a bill (or notice) to pay the fee, he did not pay it on time. As a result, his patent expired as provided by 35 U.S.C. § 41(b). When Ray learned that he missed the payment, he sought to have his late payment accepted by the Commissioner as "unavoidably

delayed" under 35 U.S.C. § 41(c). However, the Commissioner has interpreted § 41(c) in such manner that Ray cannot rely on receiving a bill for payment, but, rather, must make the payment on his own. Ray has engaged in protracted litigation in challenging such interpretation of § 41(c).

How his tale of woe came to pass is now considered in detail.

B. Prosecution of patent application

Ray hired patent attorney Sherrard to prepare an application for patent and to file and prosecute the same with the PTO. On June 29, 1983, Ray signed a power of attorney empowering Sherrard to "prosecute" his patent application and to "transact any business in the Patent and Trademark Office ["PTO"] connected therewith." At the time, Sherrard told Ray that he was in the process of retiring from practice, and he did so retire sometimes afterwards. Ray did not request any other services of Sherrard.

At several times during prosection of the application, the PTO requested Ray to respond to an action taken by the PTO. In a clear and practical way, each notice called upon Ray to perform some action; that is, each notice specified precisely what type of response was required, and specified a return address for response. For instance, on February 16, 1984, the PTO sent Ray an official "action" advising that the "application has been examined. A shortened * * * period for response to this action is set to expire 3 months from the date of this letter." The PTO action included an examination report on which Ray was requested to respond. The PTO action, moreover, bore a return address for response (i.e., "Commissioner of Patents and Trademarks, Washington, D.C. 20231").

Further, on April 12, 1984, the PTO sent Ray an official action stating that the "application * * * has been examined

and found allowable. * * *. The amount of the issue fee i[r] * * * [$250]. THE ISSUE FEE MUST BE PAID WITHIN THREE MONTHS FROM THE MAILING DATE OF THIS NOTICE * * *." Further, Ray was required not merely to submit payment of the fee, but was instructed to transmit the issue fee with a specific form stating, e.g., the serial number of the application, the applicant's name, and other information identifying the payment. The April 12, 1984 action bore a return address for response that differed from the return address on the February 16, 1984 action (i.e., the latter action bore the return address of "Commissioner of Patents and Trademarks, Attention: Office of Publications, Washington, D.C. 20231").

On August 21, 1984, Ray's patent was granted. The cover of the patent mentioned the requirement to pay maintenance fees on the patent. However, no return address for response was specified, making it unclear to whom maintenance fees would be paid—e.g., to the PTO (and if so, to which office within the PTO) or to a subcontractor of the PTO, or to another agency altogether such as the Treasury Department. No fee amount was specified. No instructions were provided as to what identifying information must be supplied with payment (e.g. title of invention) to assure crediting the proper account.

A. Back-and-forth correspondence relating to payment of maintenance fees

As currently practiced by the PTO, the process of paying a maintenance fee, like the prosecution of an application, involves the undertaking (or proceeding) of back-and-forth correspondence between the PTO and a patent owner relating to the payment of maintenance fees. Such back-and-forth correspondence includes the PTO mailing notices to the patent owner about maintenance fees, and the patent owner responding by mailing address changes and fees to the PTO.

The PTO currently initiates such back-and-forth correspondence in a letter sent to applicant during prosecution of an application (i.e., when an application for patent becomes allowed), a time when the PTO knows the applicant's address. Specifically, the PTO includes in the letter several important points: (1) The PTO precisely identifies the name and address of the institution which is to receive maintenance fee payments. (2) It further informs the patent applicant that the PTO will, by default, send notices about maintenance fees to the address used during prosecution of the application, unless the applicant provides to the PTO a special "fee" address for correspondence relating to maintenance fees.

The PTO, however, did not initiate a correspondence proceeding for payment of maintenance fees with Ray. This disadvantaged Ray, leaving him uninformed of the name and address of the institution to which maintenance fees would be sent, and further failing to advise him to which address such unspecified institution would send maintenance fee correspondence intended for him. At most, Ray was left with only the mentioned patent cover language regarding maintenance fees; such language, however, failed to inform him of the name and address of the institution which was to receive payment, of what identifying information should accompany payment, and of the amount of the fee.

With Ray thus uninformed, he did not on his own ascertain the name and address of the recipient institution for maintenance fees, and did not file an updated "fee" address with that institution. As a result, the PTO mailed to attorney Sherrard, then retired, a notice (or "reminder") that a maintenance fee was due and could be paid within a 6-month grace period. The PTO sent the notice to the prosecution address that Sherrard, in section 1A of an issue fee

transmittal form, had updated[3] some 3½ months before formal prosecution of the application was concluded. Sherrard, lacking a current address for Ray, unsuccessfully tried to mail the notice to Ray.

B. Petitions and court proceedings below

Not until March 1990 did Ray learn that the first maintenance fee on his patent was past due, and that his patent had therefore expired pursuant to 35 U.S.C. § 41(b). Ray submitted the first fee to the PTO together with a *pro se* petition to the PTO to accept the delayed fee as unavoidably delayed. Although Ray's patent stated on its cover the requirement to pay maintenance fees, his principal argument to the PTO was that he "had no knowledge that any maintenance fee would be due," and that attorney Sherrard had not informed him about maintenance fees. Applying the interpretation of unavoidable delay under § 41(c) that Ray contests herein, the PTO dismissed Ray's petition as failing to to meet that standard.

With the assistance of a patent agent, who was not an attorney at law, Ray filed in the PTO a petition for reconsideration. This time he directly imputed neglect on attorney Sherrard for not informing him on maintenance fees, based on his assumption that, by hiring Sherrard to prepare

---

[3]The appeals court below correctly states that Sherrard listed his address in section 1A of an issue fee transmittal form for receiving "further correspondence." However, it further stated that the timing of when Sherrard so listed his address was upon *issuance* of the patent (A24). If that were true, Sherrard might be considered to have instructed the PTO to send him post-issuance correspondence. But the appeals court's statement of timing is simply incorrect. Sherrard listed his address on May 2, 1984, more than 3½ months before patent issuance, while formal prosecution was still ongoing, so that he would receive "further correspondence" including—as the form specifies—a receipt for the payment of the issue fee and other prosecution correspondence.

and prosecute his application for patent, Sherrard would also fully protect and advise Ray on "any other pertinent information relative to [his] invention." In support of this argument, Ray stated for the first time in a declaration prepared six years after obtaining his patent from Sherrard, that, when he received his patent, he did not read the statement on the cover of the patent mentioning the requirement to pay maintenance fees. Again applying the interpretation of unavoidable delay under § 41(c) contested herein, the PTO denied Ray's petition for reconsideration.

In the district court below, Ray finally retained a lawyer (the undersigned) to represent him. Abandoning his argument that he lacked knowledge that maintenance fees would be due, Ray introduced a new declaration clarifying that, other than services related to preparing and prosecuting an application, he, in fact, had never requested attorney Sherrard to provide any services or to advise him on any other subject. Ray sought to have the district court construe the unavoidable delay standard of 35 U.S.C. § 41(c) favorably to him under various arguments, including a Constitutional separation-of-powers argument. His arguments were rejected by the district court, and the Commissioner's motion for summary judgment dismissing the case was granted.

Ray then sought review of the district court's decision in the Court of Appeals for the Federal Circuit, through the undersigned attorney. Ray's principal argument for relief on appeal was his Constitutional separation-of-powers (i.e. nondelegation) argument, requiring the agency interpretation of the remedial standard of "unavoidable delay" under § 41(c) to be guided by an "intelligible principle" from Congress. The Court, however, did not apply the "intelligible principle" standard, instead upholding the PTO's interpretation under the more lenient arbitrary and capricious standard of 5 U.S.C. § 706(2)(A).

Ray brings this petition for writ of certiorari, seeking to require the PTO's interpretation of unavoidable delay under § 41(c) to be guided by an "intelligible principle" from Congress

REASONS FOR GRANTING THE WRIT

I. Although looking only to the common (vs. historical) meaning of "unavoidable delay" in the relevant statutes fails to yield an intelligible principle of guidance, the lower courts did just this, and upheld the contested interpretation of § 41(c) under the more lenient "arbitrary and capricious" standard of review

A. The "intelligible principle" of guidance standard: A constitutionally based requirement to prevent an undue delegation of power to the executive branch of government

To prevent an undue delegation of legislative power from Congress to federal executive agencies, this Court, in *J.W. Hampton, Jr., & Co. v. United States,* 276 U.S. 394 (1928), set forth the guiding rule that: "If Congress shall lay down by legislative act an intelligible principle to which the person or body authorized to [exercise the delegated authority] is directed to conform, such legislative action is not a forbidden delegation of legislative power." *Id.* at 409. This "intelligible principle" of guidance standard has been repeatedly applied by this Court to test challenged action of executive agencies. *E.g., Mistretta v. U.S.*, 488 U.S. 361, 373 (1989); and *National Cable Television Ass'n v. United States,* 415 U.S. 336, 342 (1974), both of which quote and apply the foregoing *Hampton* passage.

B. Ray's vested property rights in his patent appear manifestly deserving of protection by the "intelligible principle" standard considering the hierarchy of rights traditionally protected that standard

The legislative delegation in *J.W. Hampton, Jr., & Co. v. United States*, *supra*, related to the power of a federal agency to set tariff rates, and the delegation in *National Cable Television Ass'n v. United States*, *supra*, related to a federal agency's setting of user fees to be paid to the agency. In both instances, this Court required the legislative delegation to meet the "intelligible principle" of guidance standard.

Here, patent owner Ray's property interest in his patent constitutes a property right that is fully vested, whether it is viewed as a property right for the duration of the normal term of the patent (i.e., 17 years), *see, e.g., Patlex Corp. v. Mossinghoff,* 758 F.2d 594, 599 (Fed. Cir. 1985), *modified on other grounds*, 771 F.2d 480 (1988); or whether it is viewed as a series of shorter-term (e.g., 4-year) rights that can be renewed upon payment of a maintenance fee, *see, e.g., United States v. Petty Motor Corp.*, 327 U.S. 372, 380-81 (1946). Under the contested interpretation of § 41(c) here, Ray cannot reinstate his patent. A total negation of his vested property rights results.

If the legislative delegations in the *Hampton* and *National Cable Television Ass'n* cases, *supra* were required to meet the "intelligible principle" of guidance standard, it appears manifest that the legislative delegation here, resulting in the negation of a vested property right should, *a fortiori*, be required to meet that standard. But, as shown below, both lower courts engaged in only a limited analysis of Congressional intent behind § 41(c). Although under the courts' analyses, an "intelligible principle" of guidance is distinctly absent, the courts nevertheless upheld the contested

interpretation of § 41(c), applying instead the more lenient "arbitrary and capricious" standard. Patent owner Ray then shows that further analysis of Congressional intent behind § 41(c) does indeed reveal an "intelligible principle" of guidance, and that such guidance requires Ray's proposed interpretation of 41(c) allowing him to reinstate his patent.

C. Level 1 scrutiny of Congressional intent behind § 41(c): Looking only to the common (vs. historical) meaning of words of §§ 41(b), 41(c) and § 133

i. Analysis Failing to Elicit "Intelligible Principle of Guidance"

As will be shown in this section, looking only to the common (vs. historical) meaning of the words of §§ 41(b), 41(c) and 133, and ignoring other legislative history, yields only conjecture as to whether Congress affirmatively intended that notice would, or would not, be given to patent owners at the time their fees become due.[4] Such conjecture, or shear guess, shows the lack of a guiding principle on the question of notice. Despite this, the lower courts analyzed the statutes no further, upholding the PTO's interpretation instead under the arbitrary and capricious standard.

Reading the words of the maintenance fee statutes (i.e. § §41[b] and 41[c]), and not finding a directive for the PTO to provide notice, the PTO made (as will be seen shortly) an unsupported leap in logic by reasoning that Congress had therefore affirmatively intended that notice would not be due (1046 O.G. 34). On this basis, it further reasoned that, in establishing unavoidable delay, a patent owner could not rely on receiving notice at the time his or her fee was due (*id.*).

---

[4] Petitioner Ray does not claim that the PTO was required to implement notice, only that the question of whether notice was intended is left open under the common meaning of the words of the statutes.

The maintenance fee statutes are categorically silent on the question of whether notice at the time a fee is due is required or not; therefore, the Commissioner's leap in logic lacks support because Congress could just as easily have expected the PTO to implement notice under its rulemaking authority. Two facts support this.

First, when the bill resulting in § 41(b)'s requirement to pay maintenance fees was being considered by Congress, Senator Birch Bayh urged on the Senate floor that such bill be accepted with the "provision" that the PTO, in their implementing regulations, provide that "patent holders are personally notified through the mails shortly before their payments are due." 125 Cong. Rec. 30364-65 (1980). Senator Bayh's remarks were not casual. He couched them in terms of an "addition in the legislative history of the fee provision" (*id.*), thereby creating the expectation that they would be acted on by the PTO. The Senator's remarks should logically carry weight due to the natural deference he would be accorded owing to his active involvement in the patent legislation process. For instance, he co-sponsored an amendment to a pending bill affecting patents as reported at 125 Cong. Rec. 30360 (1980). Adding to the stature of his remarks is the fact that they stand virtually unopposed.

Second, during rulemaking proceedings to implement the statutes, the PTO in fact publicly announced on February 22, 1984 and on June 6, 1984 its plan to provide notice to patent owners. In neither instance did the PTO say that the patent owners could not rely on receiving such notice. *In the Matter of: Proposed Rule Change Relating to Patent Maintenance Fees and payment Procedures* (PTO, June 24, 1984). Only subsequently did the PTO put a decidedly different "spin" on its earlier announcements of the planned notice, saying that they could not be relied on by patent owners because they "will be merely courtesy in nature" (1046 O.G. 34).

Thus, the language of § 41(c) yields, at best, speculation on Congress' intention vis-à-vis the presence or absence of notice. With an intelligible guidance lacking from analysis of only the common meaning of the words of the relevant statutes, petitioner's position is that further legislative history of § 41(c) should be considered to see if an intelligible principle of guidance, which avoids a nondelegation (or undue delegation) infirmity of the statute, can be found. *Cf. National Cable Television Ass'n v. United States, supra,* 415 U.S. at 342 (reading statute narrowly "to avoid constitutional problems" of undue delegation).

ii. Lower Courts Applied "Arbitrary and Capricious" Standard, Rather than "Intelligible Principle" Standard

The appeals and district courts below, however, analyzed § 41(c) no further, and did not require that the interpretation of § 41(c) be guided by an intelligible principle.

Thus, the appeals court upheld the PTO's interpretation of § 41(c) on the basis that it was not "arbitrary and capricious" (A26), a standard provided by *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983). That case concerned a challenge to an agency's revocation of a regulation relating to automobile safety (i.e., passive restraints for occupants of automobiles). Such an exercise of the "police power" relating to public safety distinctly contrasts with the PTO's interpretation of § 41(c) here that directly negates patent owner Ray's vested property rights.

Likewise, the district court upheld the PTO interpretation of § 41(c) on the basis that it was not "plainly erroneous or inconsistent with the relevant statute" (A37), a standard provided by *Udall v. Tallman,* 380 U.S. 1,16 (1965). That case involved an application for oil and gas leases, which the Secretary of the Interior ("Secretary") had previously

awarded to a prior applicant. The second applicant in *Udall v. Tallman* unsuccessfully challenged the Secretary's interpretation of various Executive Orders concerning the validity of the prior award of the leases to the first applicant. The second applicant's claim to the already-awarded leases falls distinctly short of rising to the level of patent owner Ray's claim here to the vested property rights in his patent.

The foregoing conclusively shows that both lower courts' analyses of only the common (vs. historical) meaning of the words of §§ 41(b), 41(c) and 133 fails to elicit an intelligible principle of guidance from Congress as to whether it affirmatively intended that notice would, or would not, be given to patent owners when their maintenance fees are due. By nevertheless upholding the PTO's interpretation of § 41(c) based on the arbitrary and capricious standard of review, both lower courts erroneously overlooked petitioner Ray's right to have further legislative history of § 41(c) considered to see if it reveals an intelligible principle of guidance that would avoid a nondelegation infirmity of the statute.

D. Level 2 scrutiny of Congressional intent behind § 41(c): Express "purpose" of § 41(c) in legislative report, to avoid an inequitable loss of patent rights, intelligibly guides

Congress did articulate an express purpose for remedial statute § 41(c) at issue. In H. Rep. No. 542, 97th Cong., 2d Sess., *as reprinted in* 1982 U.S. Code Cong. & Admin. News 765, 772, Congress stated that the purpose was "to avoid an inequitable loss of patent rights."

Petitioner Ray, with a spotless record for over 30 years in paying his bills on time, never received a bill (or notice) to pay the maintenance fee. Senator Bayh, however, thought he should been give notice (*see* discussion *supra* at 12). Petitioner suffers a great burden by being unable to reinstate his patent, and thereby losing his vested property rights in

the patent. Additionally, with the PTO disadvantaging petitioner relative to subsequent patent owners by not initiating the back-and-forth correspondence relating to maintenance fees, and thereby failing, for instance, to identify which institution or department of an institution would receive maintenance fee payments, the burden on him to investigate such matters on his own was considerable.

There is a burden on the PTO to initiate back-and-forth maintenance fee correspondence by mailing to applicants when their applications are allowed a notice that (1) identifies the name and address of the institution to which maintenance fees are to be paid, and (2) informs such applicants that it will send maintenance fee correspondence to the address used during prosecution of an application unless a special "fee" address is filed. However, the PTO now routinely implements such notice by adding a small section to the "notice of allowance" which it is statutorily required to mail to applicants under 35 U.S.C. § 151.

The foregoing burden on the PTO is slight, and contrasts with the considerable burden on Ray. This presents "an inequitable loss of patent rights" which should be remedied by enabling Ray to reinstate his patent under § 41(c), per Congress' expressed "purpose" of that section.

E. Level 3 scrutiny of Congressional intent behind § 41(c): (1) Senator Bayh's remarks, or (2) historical meaning of unavoidable delay standard under § 133, allowing reliance on receipt of notice, further intelligibly guide

i. Senator Bayh's remarks

Two different aspects of the legislative history of § 41(c) show that when a person who is required to respond to a PTO official "action" (e.g., pay a maintenance fee) does not receive a notice that a response is due, he or she should be treated equally under either § 41(c) or § 133. One aspect is

that, as mentioned above, Senator Birch Bayh called for the PTO to implement notice in their implementing regulations for § 41(b)(*see* discussion *supra* at 12). The import of the Senator's remarks fully refutes the purported distinctions between § 41(c) and § 133 (or § 151) made by both the appeals court (A29) and the district court (A36) below.

ii. The Historical Meaning of "Unavoidable Delay"

A second aspect of the legislative history of § 41(c), again showing that lack-of-notice situations should be treated equally under either § 41(c) or § 133, concerns the historical meaning of the term "unavoidable delay" used in § 41(c) and employed in previously enacted § 133 and earlier statutes. As the following shows, an historical analysis of the term reveals that it defines the same standard. Application of the "unavoidable delay" standard in a lack-of-notice situation under § 133 is then considered, followed by a showing that patent owner Ray here easily meets that standard.

In 1887, in *Ex parte Pratt*, 1887 Comm'r Pat. 31 (Comm'r Pat. 1887), the Commissioner adjudicated the word "unavoidable" in a statute preceding § 133 and being materially identical to it. Noting that the word in its broadest sense would "exclude everything but the 'King's enemies' or an act of God," the Commissioner clarified that the word is used in a "more limited sense," requiring "no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business" (*id.* at 31-32). Subsequently, the *Pratt* standard was expressly approved by the D.C. Circuit in *In re Matullah*, 38 App. D.C. 497, 514-15 (1912), and more recently by other courts in, *e.g.*, *Futures Technology Ltd. v. Quigg*, 684 F. Supp. 430, 431 (E.D. Va. 1988).

It is basic that statutes employing similar language should be interpreted in a similar manner where, as here, they have the same (e.g. remedial) purpose. *E.g.*, *Northcross v. Bd.*

of Educ. of Memphis City Schools, 412 U.S. 427, 428 (1973), *cited with approval in Pa. v. Delaware Valley Citizens' Council*, 478 U.S. 546, 559 (1986).

After the 1887 *Pratt* decision, Congress, on five separate occasions, enacted consecutive statutes employing the identical term "unavoidable" delay, the latest statute being 35 U.S.C. § 133 enacted in 1952.[5] In none of these statutes, nor in the legislative history of these statutes, did Congress express any change to the standard of unavoidable delay.

Accordingly, by 1982, when Congress enacted § 41(c), employing the identical term "unavoidable delay," it logically follows that the term "unavoidable delay" in that statute was "vested" with the same meaning as articulated in *Ex parte Pratt, supra*. Reinforcing this position is the fact that when Congress enacted § 41(c), it expressly referred to the unavoidable delay standards of § 41(c) and § 133 within the span of a single page, without drawing any distinction between the two, and thus treating them as the same concept. H. Rep. No. 542, 97th Cong., 2d Sess., *as reprinted in* 1982 U.S. Code Cong. & Admin. News 765, 771-772.

Finally, the Commissioner's own view is that acceptance of late payment of a maintenance fee under § 41(c) is determined "under the same standard" as that for reviving a patent application under § 133, "because," as the Commissioner states, "35 USC § 41(c) uses the identical language, i.e., unavoidable delay" (A40).

Thus, either one of the foregoing two aspects of the legislative history of § 41(c) clearly and intelligibly guides that lack-of-notice situations are to be treated the same under

---

[5]Citations for these five subsequent statutes are: (1) Act of March 3, 1897, ch. 391, § 4, 29 Stat. 692, 693; (2) Acto of July 6, 1916, ch. 225, § 1, 39 Stat. 345, 347-8; (3) Act of March 2, 1927, ch. 273, § 1, 44 Stat. 1335; (4) Act of August 7, 1939, ch. 568, 53 Stat. 1264; and (5) 35 U.S.C. § 133 (July 19, 1952, ch. 950, 66 Stat. 801).

either § 133 or § 41(c).

iii. Absence-of-Notice Treatment under § 133

Under § 133 (and its predecessors), where an applicant's response to an "official" action of the PTO is delayed due to non-receipt of notice that a response was due, operation of the unavoidable delay standard is well-established. The applicant's delay in responding is invariably excused if he or she has otherwise acted in accordance with the "limited sense" of unavoidable of *Ex parte Pratt, supra*, requiring "no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business." Thus, the applicant needs to keep the PTO apprised of his or her current address so that it can communicate with him or her; this is a manifest need in prosecuting an application for patent, an ongoing proceeding carried out through an exchange of correspondence.

iv. Dissimilar Treatment of Ray under Contested Interpretation of § 41(c)

Ray's lack-of-notice situation easily meets the requirements of § 133. Ray was not involved in an ongoing proceeding involving exchange of correspondence relating to maintenance fees. Therefore, there was no manifest need for him to update his address with whatever institution was to receive maintenance fee payments. With Ray thus meeting the level of prudence required under § 133, he should likewise be held to meet therequirements of § 41(c).

Because the PTO did not initiate back-and-forth correspondence relating to payment of maintenance fees with Ray as it now routinely does for other patent owners, there was no ongoing proceeding involving an exhange of correspondence relating to maintenance fees. Nor did the PTO advise Ray that it would send correspondence relating to maintenance fees to the address address used during

prosecution of the application unless a separate "fee" address was filed, as it now routinely does. All Ray was left with, at most, was the language regarding maintenance fees on his patent cover. Such language, however, was not a clear and practical call to action: It did not inform him of the name and address of the institution which was to receive payment, nor of what identifying information should accompany payment, etc.

The PTO apparently asserts that Ray should have investigated the foregoing details on his own. However, the burden on Ray to have done so is not trivial, and is heightened by the PTO's established pattern of providing him with mailed notice of important information concerning the prosecution of his application for patent. Ray would naturally expect that the PTO would advise him by mail of important information affecting his rights, and would thus be further dissuaded from launching an investigation of the foregoing details on his own.

Under these circumstances, to nevertheless impose on Ray (but not on subsequent patent owners) the burden of investigating the mentioned details on his own is tantamount to holding him to a level of prudence distinctly greater than that required under lack-of-notice circumstances under § 133, and one surpassing the level of prudence required under the "limited sense" of unavoidable set forth in *Ex parte Pratt, supra.*

v. Notice to No-longer-Retained Sherrard Is Not Notice to Ray

In its opinion below, the Appeals Court appears, inadvertently, to have suggested that "through Sherrard, Ray's legal representative," Ray in fact received the "reminder" notice that a maintenance fee was due on his patent (A30). Of course, the Appeals Court knew that Sherrard was in the process of retiring when he prosecuted

Ray's application (A25), and thus some 3½ years later when the PTO mailed the reminder letter, Sherrard could not logically then be "Ray's legal representative." Moreover, as the following shows, additional facts and the law even more strongly divorce Sherrard from the possibility of then being Ray's legal representative.

As uncontested by the Commissioner, by merely agreeing to represent a client, an attorney does not automatically become responsible for all aspects of any legal matter affecting the client. "Instead," as stated in ABA/BNA Lawyer's Manual on Professional Conduct, pp. 301:113-301:114, "the attorney is only responsible for the legal matters that are within the domain of representation the attorney has agreed to provide."[6]

The declaration evidence of record herein shows that "the only legal services that [Ray] requested attorney Sherrard to perform, and which he agreed to perform, related to attorney Sherrard's preparing and prosecuting to issuance an application for patent." Attorney Sherrard "never agreed to, nor did [Ray] request him to, advise [him] on all aspects of any legal matter relating to the subject matter of the subject patent that [Ray] sought to obtain." Under the PTO's own published view, once a patent has issued, a patent attorney, such as Sherrard, who prosecuted the application to obtain the patent has no responsibility to take affirmative action in

---

[6]Incidentally, this law overrides Judge Pratt's novel ruling to the contrary in *Rydeen v. Quigg*, 748 F. Supp. 900, 906 n. 9 (D.D.C. 1990), *aff'd mem. under prohibition of citing its disposition as precedent (former Fed. Cir. R. 47.8)*, 937 F.2d 623 (Fed. Cir. 1991), *cert. denied*, ___ U.S. ___, 112 S.Ct. 974 (1992). Judge Pratt's ruling is based on an unwarranted extension of the ethical rule that an attorney cannot withdraw from a legal matter "until he has taken reasonable steps to avoid foreseeable prejudice to the rights of his client."

a proceeding before the PTO (e.g. re maintenance fees) "in the absence of * * * facts establishing [a continuing attorney-client] relationship" (1098 O.G. 406-407). With the foregoing declaration evidence disproving such a continuing attorney-client relationship, such that attorney Sherrard lacks any duty to take affirmative action regarding the reminder letter, it would be illogical to hold that Ray can be charged with receiving the reminder notice that no-longer-retained Sherrard received.

Finally, Ray's attempts to impute neglect on attorney Sherrard in the proceedings before the PTO below are both factually and legally ineffectual. They were based merely on Ray's "assum[ption]" in his August 1990 declaration that, by hiring Sherrard to prepare and prosecute his application for patent, Sherrard would also fully protect and advise Ray on "any other pertinent information relative to [his] invention." This "assumption" does not constitute fact, and the law is manifestly to the contrary. *See generally* ABA/BNA Lawyer's Manual on Professional Conduct, *supra*.

Thus, Ray cannot be properly charged with having received the reminder notice that was received instead, by no-longer-retained Sherrard.

II. Unless certiorari is granted, the Court of Appeals for the Federal Circuit is in effect the court of last resort for the interpretation of § 41(c), a patent statute, that has resulted in the loss of patents for at least several hundred patent owners in cases materially identical to the present case

The Commissioner's setting the unavoidable delay standard of § 41(c) more stringently than that of § 133 has resulted in loss of patent rights, at a minimum, for hundreds of patent owners in materially identical circumstances, as the following facts show.

The common fact among the instant case and the others,

giving rise to materially identical circumstances, is that the PTO did not initiate back-and-forth correspondence with any of the affected patent owners, who were thus left with, at most, language regarding maintenance fees on their patent covers. Such language, however, was not a clear and practical call to action, not informing of the name and address of the institution which was to receive payment, nor of what identifying information should accompany payment, etc.

Like patent owner Ray, at least several hundred patent owners have unsuccessfully petitioned the PTO to have their late maintenance fee payments accepted as unavoidably delayed based on grounds to Ray's. However, the number of aggrieved patent owners is likely much larger because, since 1988, the PTO has actively discouraged petitions for such relief on grounds similar to Ray's by publishing, for instance, *In re Patent No. 4,409,763,* 7 USPQ2d 1798 (Commissioner 1988), holding such grounds inadequate.

The aggrieved patent owners, moreover, cannot take advantage of a subsequent amendment to § 41(c) allowing expired patents to be reinstated under an easier-to-meet unintentional delay standard. Perhaps owing to the additional cost of almost $1,000 required to invoke the unintentional delay standard, the Commissioner's counsel, at oral argument before the Appeals Court below, earnestly requested that Court to provide guidance in this case.

The discovery of the large number of similar cases by the undersigned counsel was the driving force for the undersigned having prosecuted the earlier case of *Rydeen v. Quigg,* 748 F. Supp. 900 (D.D.C. 1990), *aff'd mem. under prohibition of citing its disposition as precedent (former Fed. Cir. R. 47.8)*, 937 F.2d 623 (Fed. Cir. 1991), *cert. denied*, ___ U.S. ___, 112 S.Ct. 974 (1992), through a petition for writ of certiorari to this Court, and is the driving force for prosecuting the instant case. Because the undersigned

believes in the justness of this cause, and because the complexity of the constitutional issues involved would result in prohibitively high attorney's fees for the named patent owners, the undersigned has personally devoted over 1,800 hours on the two cases without pay, despite adverse repercussions to his career.

Unless this Court grants this petition for writ of certiorari, the opinion of the Court of Appeals for the Federal Circuit (CAFC) below will stand as the law of the land. This is because cases involving the federal patent statute, as here, can only be brought in the federal district courts under 28 U.S.C. § 1338; and under 28 U.S.C. § 1295(a)(1), the CAFC has exclusive jurisdiction among the federal courts of appeal in appeals from district courts in cases based on said § 1338. Thus, the fate of the patent rights of many patent owners rests with this petition for writ of certiorari to this Court

CONCLUSION

For these special and important reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

CHARLES E. BRUZGA
Counsel of Record
227 West 11th Street, Suite 33
New York, NY 10014-2259
(212) 645-1856

August 15, 1995

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Appeal No.94-1236

Decided: May 17, 1995

RALPH D. RAY,
Plaintiff-Appellant,
v.
BRUCE LEHMAN, Honorable
Commissioner of Patents and Trademarks,
Defendant-Appellee.

ON APPEAL from the U.S. District Court for the District of Columbia, Judge Pratt.

OPINION

Before RICH, PLAGER, and LOURIE, *Circuit Judges.*
RICH, *Circuit Judge.*

Ralph D. Ray (Ray) appeals the January 25, 1994 decision of the United States District Court for the District of Columbia granting the Patent and Trademark Office (PTO) Commissioner's motion for summary judgment affirming the PTO's denial of Ray's petition to reinstate his patent for failure to pay a maintenance fee. We affirm.

I. Background

Ray, with the assistance of a patent agent, Tom Sherrard (Sherrard), filed a patent application on July 8, 1983 which issued as U.S. Patent No. 4,466,797 ('797 patent) on August 21, 1984. Upon issuance of the '797 patent, in section 1A of the issue fee transmittal notice, Sherrard listed his own address for receipt of further correspondence from the PTO.

The PTO mailed a letter to Sherrard on March 22, 1988

reminding him that the first maintenance fee, required 3 years and 6 months after issuance of the '797 patent, was soon due. Under 35 U.S.C. § 41(b) (1988), a grace period of 6 months is provided to pay each maintenance fee. Therefore, the first maintenance fee for the '797 patent was due at the latest, 4 years after the issue date, August 21, 1988. Sherrard, who had retired from practice sometime after the '797 patent issued, forwarded the PTO's letter to the last address he had for Ray. The letter was returned to Sherrard as undeliverable. Sherrard did not pay the maintenance fee and the '797 patent expired.

Ray did not discover that the '797 patent expired until March 1990. Soon thereafter he attempted *pro se* to have the patent reinstated by filing a paper entitled "Petition to Accept Delayed Payment of Maintenance Fee in an Expired Patent 37 CFR 1.378)" (the petition) in the PTO. In the petition, Ray asserted that he had "no knowledge whatsoever that any maintenance fee would be due in connection" with the '797 patent. Ray maintained that Sherrard had not told him of the maintenance fee requirement and that he "knew of no reason to keep in contact with Mr. Sherrard after his retirement."

In a decision dated June 26, 1990, the PTO dismissed the petition stating that Ray's alleged lack of knowledge of the requirement to pay the maintenance fee was inadequate to establish unavoidable delay. Ray, assisted by a second patent agent, William P. Prank, filed a petition for reconsideration of the PTO's decision on August 27, 1990. The petition for reconsideration was also denied by the PTO. In its reconsideration opinion, the PTO reiterated that Ray's lack of knowledge of the need to pay maintenance fees does not constitute unavoidable delay. The PTO also opined, in response to Ray's argument that Sherrard failed to apprise him of the necessity to pay maintenance fees, that "the PTO is not the proper forum for resolving disputes between

patentees and their representatives." The PTO also stated that there was no need to determine the obligation between Ray and Sherrard because "the record fails to show that either took adequate steps to ensure timely payment of the maintenance fee." Ray then sought injunctive relief against the Commissioner in the D.C. District Court.

The district court affirmed by summary judgment the Commissioner's decision, finding Ray's arguments precluded by *Rydeen v. Ouigg*, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), *aff'd* 937 F.2d 623 (Fed. Cir. 1991) (table), *cert. denied*, 502 U.S. 1075 (1992). Ray appeals. We have jurisdiction under 28 U.S.C. § 1295(a) (1) (1988).

II. Standard of Review

Summary judgment is appropriate where there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c); *Johnston v. IVAC Corp.*, 885 F.2d 1574, 1576-77, 12 USPQ2d 1382, 1383 (Fed. Cir. 1989). We review the district court's grant of summary judgment "to determine whether any genuine issues of material fact are in dispute, and whether any errors of law were made. *Haynes Int'l. Inc. v. Jessop Steel Co.*, 8 F.3d 1573, 1576, 28 USPQ2d 1652, 1654 (Fed. Cir. 1993). Agency action may be set aside if it is "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law." 5 U.S.C. § 706(2) (A) (1988). The scope of review under the arbitrary and capricious standard is narrow and a court is not to substitute its judgment for that of the agency. *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983).

III. Maintenance Fees

Under 35 U.S.C. § 41(b), enacted in 1980, maintenance fees are due on issued patents at certain times during their maximum terms. Failure to pay a maintenance fee within six

months of one of the required times results in expiration of the patent. Under 35 U.S.C.§ 41(c) (1988), the Commissioner can accept late payment of a maintenance fee if the delay is shown to be unavoidable.[7] The Commissioner may not, however, exercise his discretion in determining what qualifies as unavoidable delay in a way that "contradicts the purposes of the statute or is completely contrary to reason." *Rydeen*, 748 F. Supp. at 904, 16 USPQ2d at 1880, (citing *Commissariat a L'Energie Atomique v. Watson*, 274 F.2d 594, 596-97, 124 USPQ 126, 128 (D.C. Cir. 1960)).

Pursuant to PTO regulations, a delay in paying a maintenance fee can be shown to be unavoidable if "reasonable care was taken to ensure that the maintenance fee would be paid timely." Additionally, the patentee "must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which the patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly." 37 C.F.R. § 1.378(b) (3) (1984).

In considering whether to reinstate a patent for failure to pay a maintenance fee the PTO has stated that:

> "A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 USC 133 because 35 USC 41(c) (1) uses the identical language, i.e. [,] unavoidable delay. Decisions on reviving abandoned applications have adopted the "reasonably prudent person" standard . . . . In addition, decisions on revival are made on a 'case-by-case basis, taking all the facts and circumstances into account.'"

---

[7]Section 41(c) has since been amended to allow patentees to reinstate expired patents under a lower unintentional standard. This standard is not applicable to reinstatement of Ray's patent.

In re Patent No. 4.461.759, 16 USPQ2d 1883, 1884 (Dep. Ass't Comm'r Pat. 1990) (quoting *Smith v. Mossinghoff,* 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982)). Thus, in determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person. *See Douglas v. Manbeck,* 21 USPQ2d 1697, 1700 (E.D. Pa. 1991), *aff;'d* 24 F.2d 1318 (Fed. Cir. 1992) (table); *In re Mattullath,* 38 App. D.C. 497, 514-15 (D.C. Cir. 1912).

IV. Arguments on Appeal

A. Improper Delegation

Ray argues that the Commissioner's application of unavoidable delay under 35 U.S.C. § 41(c) (1) is inconsistent with the manner in which unavoidable delay is applied under 35 U.S.C. § 133 (1984), The latter provision is entitled "Time for Prosecuting Application" and sets forth that:

> "Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Commissioner in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable."

35 U.S.C. § 133.

Ray contends that the standard is different, and easier to meet, under § 133 because all an applicant must show is "non-receipt of the communication" and maintenance of "a current address to which Official communications are sent," while under § 41(c), a patentee is required to have "prophesied (1) that the Patent Office would radically depart

from established interpretation of unavoidable delay, and, (2) that, as a prerequisite to obtaining relief, he (or an attorney) should have set up a 11 ½-year docketing system."

We disagree. Under both § 133 and § 41(c), the standard is unavoidable delay. As articulated above, in order to satisfy this standard, one must show that he exercised the due care of a reasonably prudent person. What Ray argues are differences in the unavoidable delay standard are in fact differences in the statutory provisions. Section 133 addresses situations in which an application becomes abandoned for failure of the applicant to respond in some way to an action taken by the PTO. In contrast, section 41(c) deals with the payment of fees to maintain the life of a patent. Thus, the application of the unavoidable delay standard is necessarily different when considering these two separate factual scenarios. But these variations result from differences between the statutory provisions, not any difference in the reasonably prudent person standard used to prove unavoidable delay.

Ray also takes issue with the PTO's regulation, 37 C.F.R. § 1.378(b) (3), supra, arguing that it "creates a burden that goes well beyond what is reasonably prudent." We disagree. The PTO's regulation merely sets forth how one is to prove that he was reasonably prudent, i.e., by showing what steps he took to ensure that the maintenance fee would be timely paid, and the steps taken in seeking to reinstate the patent. We do not see these as requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay.

B. Due Process

Ray contends that due process "requires that the PTO provide to patent owners 'notice 'as likely as the mails' to inform them that a maintenance fee is due on their patents." In response, the Commissioner maintains that the Supreme

Court has held that "self-executing" statutes, like § 41(c), do not require notice of an imminent lapse of a right through a failure of the owner to act. *Texaco, Inc. v. Short*, 454 U.S. 516, 536 (1982). Additionally, during oral argument counsel for the PTO requested us to clarify that the PTO is not required to provide notice to patent owners regarding maintenance fees.

We, however, find it unnecessary in this case to determine whether notice to a patentee that a maintenance fee is due is required. The PTO has adopted a policy of providing maintenance fee reminder letters to patentees or their representatives, 49 Fed. Reg. 34723 (1984), and provided notice in this case. In fact, the PTO provided two distinct notices that maintenance fees were due for Ray's patent. The first was on the inside cover of the patent document which Ray concedes he had in his possession. The second notice was the reminder letter mailed to Sherrard, Ray's legal representative. Therefore, whether the PTO had an obligation to provide notice is simply not an issue in this case.[8] Ray's contention that he did not have notice of the maintenance fee requirement is simply wrong. Ray clearly received the degree of notice mandated by due process.

Ray seeks to vitiate the notice in the patent itself with the explanation that he did not read the patent. Ray contends that the notice to Sherrard was insufficient because it was sent to an "obsolete" address, that of his designated representative, Sherrard. Rather than being an issue of whether notice was sufficient, we agree with the trial court and the PTO that Ray has simply not proved that his delay in paying the maintenance fee was unavoidable. This is

---

[8]We also note that Ray appears to have conceded this point when he stated before the PTO that "the PTO has no obligation to notify a patentee that a maintenance fee must be paid other than the notices on the [c]over of Letters Patent."

especially true in this case because Ray did not provide a current address to either the PTO or Sherrard.

C. Limited Responsibilities of Representative

Finally, Ray argues that Sherrard's responsibilities were limited and did not include payment of maintenance fees. This argument is completely inconsistent with Ray's contentions before the PTO where he asserted that "Mr. Sherrard did not fulfill his full obligations to Mr. Ray" with respect to payment of the maintenance fee. Whatever the responsibilities of Sherrard, we agree with the Commissioner that the PTO is not the proper forum for resolving disputes between patentees and their representatives.

V. Conclusion

Ray has not shown that the trial court improperly granted summary judgment. Accordingly, the appealed judgment is affirmed.

AFFIRMED.

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

Civil Action No.93-0558

Entry date: January 25, 1994

RALPH D. RAY,
Plaintiff,
v.
DOUGLAS B. COMER,
Commissioner of Patents and Trademarks,
Defendant.

MEMORANDUM OPINION

Before the Court are plaintiff's motion for summary judgment and defendant's motion to dismiss.[1] Plaintiff Ray seeks injunctive relief requiring the Commissioner of Patents and Trademarks ("the Commissioner") to reconsider his decision refusing to accept Ray's late payment of a maintenance fee to keep U.S. Patent No. 4,466,797 in force. Upon review of the briefs and exhibits filed by the parties, the oppositions and replies filed thereto, and because we find plaintiff's arguments essentially precluded by *Rydeen v. Ouigg*, 748 F. Supp. 900 (D.D.C. 1990) (Pratt, J.) *aff'd mem.*, 937 F.2d 623 (Fed. Cir. 1991), *cert. denied* --U.S.--, 112 S.Ct. 974 (1992), we deny plaintiff's motion for summary judgment and grant defendant's motion for summary judgment.

In 1983, plaintiff approached Tom Sherrard, a patent attorney, for assistance in preparing the patent application.

---

[1]The Court treats defendant's motion to dismiss as a motion for summary judgment because the parties refer to extraneous material concerning the patent application. Fed. R. Civ. P. 56.

Although plaintiff alleges that his relationship with Sherrard was not intended to continue beyond the prosecution of the patent application, attorney Sherrard listed his own address for further correspondence in section 1A of the issue fee transmittal notice. *See* Plaintiff's Reply Brief, Ex. 2, p. 2. In addition, plaintiff admits that he failed to advise both Sherrard and the U.S. Patent and Trademark Off ice ("PTO") of his current address.

Pursuant to 35 U.S.C. § 41(b), a patent will expire unless a maintenance fee is paid 3 1/ years after the patent was granted.[2] Plaintiff admits that this information was stated on the inside cover of his patent, however, Ray never read it, assuming instead that he "had no reason to check the document." *See* Plaintiff's Summary Judgment Motion, PR 59. As a result, Ray was unaware that a maintenance fee was due until nearly 2 years after the lapse of the fee grace period. *Id.* By this time the patent had expired.

The Commissioner disputes plaintiff's assertion that patentees are entitled to actual notice before a patent can expire for nonpayment of the maintenance fee. Nevertheless, the PTO did send a courtesy notice to attorney Sherrard, whose address was listed for "further correspondence". Although Sherrard attempted to forward the notice to the plaintiff, the Postal Service returned the notice as undeliverable because plaintiff failed to inform the attorney of his new address.

After learning that his patent had expired, Ray petitioned the Commissioner for reconsideration. *See* 35 U.S.C. 41(c)(1) (Commissioner may accept late payment of maintenance fee if the delay is shown to satisfaction of Commissioner to have been "unavoidable"). The

---

[2]The owner of the patent has an additional 6 month grace period in which to pay the maintenance fee.

Commissioner refused to reinstate Ray's patent.

Plaintiff now petitions the Court to order the Commissioner to re-evaluate whether plaintiff's delay in payment of the maintenance fee was "unavoidable" as envisioned by Congress under § 41(c)(l). Two theories are offered in this regard. The first theory alleges that the constitutional requirements of due process are violated when the Commissioner fails to provide the patent owner with notice "as likely as the mails" to apprise him of the pendency of the fee. Under the second theory, plaintiff urges that an undue delegation of Congressional authority occurs if the Commissioner's interpretation of "unavoidable delay" is upheld. Plaintiff asks the Court to hold as a matter of law that the unavoidable delay standard is met when the delay in paying the maintenance fee was caused by the Commissioner's failure to provide notice directly to the owner of the patent.

I. *Due Process Issue.*

The Court finds the due process argument made in the present case to be similar, if not identical, to that unsuccessfully raised by the plaintiff in *Rydeen.*[3] As in *Rydeen*, plaintiff

> "argues that the notice he received was inadequate because he should have received mailed notice a reasonable amount of time prior to the expiration of his patent."

748 F. Supp. at 906. The Court concludes, as it did in *Rydeen* that as a constitutional matter, "plaintiff was not entitled to any notice beyond publication of the statute." *Id.* (*citing Texaco v. Short,* 454 U.S. 516, 536 (1982)). Plaintiff

---

[3]*Rydeen* also involved an attempt by a patentee to have the automatic expiration of his patent under § 41(b) reinstated pursuant to § 41(c)(l).

is not constitutionally entitled to notice of the automatic effects of section 41(b) when a maintenance fee is not paid.[4]

Plaintiff attempts to distinguish *Short* by limiting its holding to situations where the burden of the loss on the individual is slight and the benefit to the government is clear.[5] In so doing, plaintiff misinterprets *Short* and ignores subsequent caselaw. No court has used such a balancing test as the determinant of what notice required for self executing statutes. *See Tulsa Professional Collection Services v. Pope*, 485 U.S. 478, 487 (1987) (self executing nature of statute removes due process requirements of actual notice); *County Line Joint Venture v. Grand Prairie, Tex.*, 839 F.2d 1142, 1146-47 (6th cir. 1988), *cert. denied* 488 U.S. 890 (1988) (due process requirements of *Mullane* apply to an "adjudication" and not to self executing statutes).

Plaintiff would not be entitled to actual notice even if we accepted plaintiff's novel theory that the holding of *Short* depends on a balancing of burden vs. benefit. The burden mentioned by the Supreme Court in *Short* is not the potential loss to the individual, as plaintiff argues, but is instead the burden involved in complying with the terms of the statute.[6] *Id.* at 529-30. The Court concludes in the case at bar that the burden of paying a maintenance fee which is clearly

---

[4]This is vastly different from situations in which the status of a property right is determined in an adjudicatory proceeding. *See Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306 (1950) (requiring notice "as likely as the mails" to apprise persons of pendent proceedings). There is no proceeding under section 41(b) before the patent expires; it occurs by operation of law.

[5]Plaintiff's contention is based on dicta in *Short* stating:

> "[t]he State surely has the power to condition the ownership of property on compliance with conditions that impose such a slight burden on the owner while providing clear benefit to the state."

454 U.S. at 529-30.

[6]See *supra* note 5.

mentioned in the initial patent documentation is a minor one. Had Ray bothered to read the patent, he would have known that payment of such a fee was required four years after issuance.[7] Conversely, the PTO derives a clear benefit from the timely expiration of patents on which fees have not been paid. Plaintiff's logic would require the PTO to investigate all patents to determine if the addresses listed for continued correspondence are still current.

II. *Improper Delegation Issue.*

Plaintiff alleges in count II that the Commissioner's interpretation of § 41(c) (1) is impermissible because it is a "radical departure" from his interpretation of other "unavoidable" delay provisions. *See* 35 U.S.C. §§ 133, 151. This argument was also raised and dismissed in *Rydeen*. As we stated in that case, the Commissioner concluded that §§ 133 and 151 were inapposite because

> "Congress expressly conditioned §§ 133 and 151 on a specific type of notice, while no such notice requirements are written into §41(c)....Bolstering [the Commissioner's] argument is *Smith v. Mossinghoff*, which concludes that the unavoidable delay standard is broader, and 'must be decided on a case-by-case basis, taking all of the facts and circumstances into account.'" 761 F.2d 533, 538 (D.C. Cir. 1982).

Id. at 905. Like the plaintiff in *Rydeen,* Ray is unable to offer any persuasive reasoning as to why Congress intended a contrary interpretation of § 41(c). Therefore,

> "[t]he Commissioner's interpretation of "unavoidable" and of the PTO's duty to provide reminder notices then, do not plainly contradict the statute. For this

---

[7]By reading the documentation, Ray would also presumably have understood the importance of informing the PTO of his current address

reason, we must accord deference to the Commissioner's no-timely-notice interpretation and adjudication in plaintiff's case.[8]"

Id. Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837 (1984).

Conclusion

For the foregoing reasons, the Court concludes that the failure by the Commissioner to provide plaintiff with actual notice of the maintenance fee does not violate due process standards. Furthermore, the Court holds that the Commissioner's interpretation of "unavoidable delay" does not amount to an improper delegation of authority. Therefore, we deny plaintiff's motion for summary judgment and grant defendant's motion for summary judgment.

An order in accordance with this opinion has been issued this date.

Date: January 25, 1994

JOHN H. PRATT
United States District Judge

[8]A reviewing agency's interpretations of statutes to insure that they are not in excess of statutory jurisdiction are entitled to deference unless they are plainly erroneous or inconsistent with the relevant statutes. *Id.* at 904 (*citing Udall v. Tallman*, 380 U.S. 1, 16 (1965)).

THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent No. 4,466,797
Issue Date: August 21, 1984
Serial No. 06/512,028
Filed: July 8, 1983
Inventor: Ralph D. Ray

Request for Reconsideration of Decision of June 26, 1990

Entry date: January 15, 1991

DECISION ON PETITION

This is a decision on the petition, filed August 27, 1990 ands supplemented on August 31, 1990, under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under 37 CFR 1.378(e) the delayed payment of a maintenance fee for the above-identified patent.

The request for reconsideration is granted to the extent that the prior decision has been reconsidered. However, the request to accept the delayed payment of the maintenance fee is denied.

BACKGROUND

The first maintenance fee for the above-identified patent was due on or before February 21, 1988, and could be paid thereafter up to August 21, 1988 with a surcharge. 35 USC 41(b); 37 CFR 1.362.

On or about August 24, 1984, patentee received the Letters Patent from his attorney, Tom Sherrard.

Patentee had no knowledge of the requirement to pay maintenance fees and Mr. Sherrard did not inform patentee of that requirement.

Patentee did not read the Letters Patent, which contains a notice regarding maintenance fees, until after the patent had

expired.

Mr. Sherrard did not advise patentee to keep in contact with him since he believed his services had been completed on receiving the patent

The maintenance fee for this patent was not paid on or before the February 21, 1988 due date.

A Maintenance Fee Reminder, mailed March 22, 1988, was received by Mr. Sherrard. On or about April 20, 1988, a letter regarding the payment of the maintenance fees was sent to patentee by Mr. Sherrard. This letter was returned to Mr. Sherrard by the Post Office because patentee had moved and the forwarding order[1] had expired.

Patentee states that he knew of no reason to keep in contact with Mr. Sherrard and therefore, presumably, did not inform Mr. Sherrard of his address change.

The maintenance fee and surcharge for this patent was not paid on or before the August 21, 1988 due date. Accordingly, the patent expired as of August 21, 1988.

STATUTE AND REGULATION

35 USC 41(c) (I) states that:

> "The Commissioner may accept the payment of any maintenance fee required by subsection (b) of this section after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable."

37 CFR 1.378(c)(3)[2] states that any petition to accept delayed

---

[1]The letter re payment of maintenance fees was not received by patentee because the U.S. Postal Service forwards mail for only one year after filing a change of address form.

[2]Pursuant to 37 CFR 1.183, the Commissioner has suspended that portion of 37 CFR 1.378(c)(3) requiring a showing of circumstances "entirely outside the control of the patentee and those acting on behalf of

(continued...)

payment of a maintenance fee must include:

> "A showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee. The showing must be sufficient in scope and content to meet the heavy burden of proof required to show that a delay in payment of the maintenance fee of more than six months after expiration of the patent was unavoidable."

OPINION

The Commissioner may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable"; 35 USC 41 (c) (1).

Acceptance of late payment of a maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 USC 133 because 35 USC 41(c) (1) uses the identical language, i.e. unavoidable delay. Decisions on reviving abandoned applications have adopted the "reasonably prudent person" standard in determining if the delay in responding to an Office action was unavoidable. *Ex parte Pratt*, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887); *In re Mattullath*. 38 App. D.C. 497, 514-515 (D.C. Cir. 1912); and *Ex parte Henrich*, 1913 Dec. Comm'r Pat. 139, 141. In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

---

[2](...continued)
the patentee" in paying the maintenance fee. See "Acceptance of Delayed Payment of Maintenance Fees in Expired Patents"; 1115 OFFICIAL GAZETTE 18 (June 12, 1990).

The showing of record fails to establish to the satisfaction of the Commissioner that the delay in payment of the maintenance fee was unavoidable as required by 35 USC 41 (c) (1) and 37 CFR 1.378(c). In that regard, patentee's lack of knowledge of the need to pay the maintenance fee does not constitute unavoidable delay; see *In re Patent No. 4.409.763*, 7 USPQ2d 1798 (Comm'r Pat.1988), aff'd Rydeen v. Ouigg, 16 USPQ2d 1876 (D.D.C. 1990) and the Final Rules for Patent Maintenance Fees, 1046 OFFICIAL GAZETTE, 28, 32 (September 25, 1984) . Under the statutes and regulations, the Patent and Trademark Office (PTO) has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. It is solely the responsibility of the patentee to assure that the maintenance fee is timely paid to prevent expiration of the patent. The lack of knowledge of the requirement to pay a maintenance fee will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the PTO.

As to patentee's argument that Mr. Sherrard did not fulfill his full obligations to the patentee, the PTO is not the proper forum for resolving disputes between patentees and their representatives. Furthermore, there is no need in this case to determine the obligation between patentee and Mr. Sherrard, as the record fails to show that either took adequate steps to ensure timely payment of the maintenance fee. In any event, patentee is bound by the mistakes of Mr. Sherrard, a registered patent attorney, since patentee voluntarily chose him as his representative. *Smith v. Diamond*, 209 USPQ 1091, 1093 (D.D.C. 1981), *aff'd sub nom., Smith v. Mossinghoff*, 671 F. 2d 533, 213 USPQ 977

(D.C. Cir. 1982).[3]

CONCLUSION

For the above stated reasons, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41 and 37 CFR 1.378(c).

Since this patent will not be reinstated, it is appropriate to refund the maintenance fee and the surcharge fee submitted by petitioner. Petitioner may obtain a refund of these fees by submitting a request, accompanied by a copy of this decision, to the Office of Finance.

As stated in 37 CFR 1.378(e), no further reconsideration or review of this matter will be undertaken.

/s/
Charles E. VanHorn
Patent Policy and Programs
Administrator

---

[3]*Compare In re Rutan*, 231 USPQ 864 (Comm'r Pat. 1986), which permitted revival of an abandoned patent application under 37 CFR 1.137(b) for an "unintentional" attorney mistake. However, there is no unintentional delay provision in 37 CFR 1.378 for a late maintenance fee.

THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent No. 4,466,797
Issue Date: August 21, 1984
Serial No. 06/512,028
Filed: July 8, 1983
Inventor: Ralph D. Ray

Entry date: June 26, 1990

DECISION ON PETITION

This is a decision on the petition, filed April 10, 1990, under 37 CFR 1.378(c) to accept the delayed payment of a maintenance fee for the above-identified patent.

The petition is dismissed.

A petition to accept the delayed payment of a maintenance fee under 35 USC 41(c) and 37 CFR 1.378(c)[1] must be accompanied by (1) an adequate, verified showing that the delay was unavoidable, since reasonable care was taken to insure that the maintenance fee would be paid timely, (2) payment of the appropriate maintenance fee, unless previously submitted, and (3) payment of the surcharge set forth in 37 CFR 1.20(m). This petition lacks item (1) above.

Patentee asserts lack of knowledge of the requirement to pay maintenance fees as the cause of the delay.

The showing of record is Inadequate to establish unavoidable delay within the meaning of 37 CFR 1.378(c). In that regard, patentee's lack of knowledge of the need to pay the maintenance fee does not constitute unavoidable

---

[1]Pursuant to 37 CFR 1.183, the Commissioner has suspended that portion of 37 CFR 1.378(c)(3) requiring a showing of circumstances "entirely outside the control of the patentee and those acting on behalf of the patentee" in paying the maintenance fee. See 1115 O.G. 18.

delay; see 1046 OFFICIAL GAZETTE, 28, 32. Under the statutes and regulations, the PTO has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. It is solely the responsibility of the patentee to assure that the maintenance fee is timely paid to prevent expiration of the patent. The lack of knowledge of the requirement to pay a maintenance fee will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the PTO. Furthermore, the Letters Patent contains a Maintenance Fee Notice that warns that the patent may be subject to maintenance fees if the application was filed on or after December 12, 1980. Accordingly, a reasonably prudent patentee would have inquired to see if his patent was subject to maintenance fees.

The record fails to disclose that the patentee took reasonable steps to ensure timely payment of the maintenance fee. In fact, the record indicates that no steps were taken by patentee to ensure timely payment of the maintenance fee. Since no steps were taken by patentee, 37 CFR 1.378(c) precludes acceptance of the delayed payment of the maintenance fee.

A new correspondence address must be provided.

If reconsideration of this decision is desired, a petition for reconsideration under 37 CFR 1.378(e) must be filed within TWO (2) MONTHS from the mail date of this decision. No extension of this 2-month time limit can be granted under 37 CFR 1.136(a) or (b). Any such petition for reconsideration must be accompanied by the petition fee of $120 as set forth in 37 CFR 1.17(h). The petition for reconsideration should include an exhaustive attempt to provide the lacking item(s) noted above, since, after a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Commissioner.

Further correspondence with respect to this matter should be marked on the front page of the communication to the attention of the Deputy Assistant Commissioner for Patents, Crystal Park Two, Suite 913, and addressed as follows:

By mail: Commissioner of Patents and Trademarks
Box DAC
Washington, D.C. 20231

By FAX: (703) 557-8331
Attn: Office of the DAC

Telephone inquiries should be directed to the Petitions Information Staff at (703) 557-4282.

/s/
Jeffrey V. Nase
Supervisory Petitions Examiner
Office of the Deputy Assistant
Commissioner for Patents